

# Reducing Allowance Churn Caused by Maintenance Actions

Intelligent Investment  
For Tomorrow's Readiness



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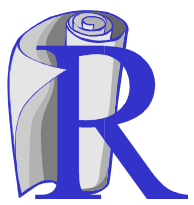




# Reducing Allowance Churn Caused by Maintenance

## □ **OUTLINE** **Actions**

- ✓ Maintenance Driven Allowance Churn
- ✓ Allowance Churn Reduction Initiative (ACRI)
- ✓ Summary



# Reducing Allowance Churn Caused by Maintenance Actions

▮ Maintenance Driven Allowance Churn

✓ Definition

▮ Changes to Existing Equipment Installations

✓ Background

▮ Maintenance Actions Causing Allowance Increase with Little Return on Investment...Increased Churn

✗ 5-10 Years Between Re-Allowance Events

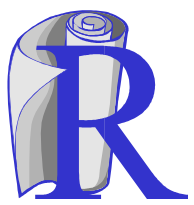
✗ Maintenance Actions Are Not “Planned”

◆ Behind-The-Scenes Actions (BRF, SM&R)

◆ Allowance Optimization

◆ Item Not on the Shelf

✗ Repetitive/Periodic Recomp. of Equip. APLs for Same Ship



# Reducing Allowance Churn

## ▮ Maintenance Driven Allowance Churn ✓ Reduction Initiatives ▮ Program Review 99

✂ Churn Caused by Maintenance Actions

◆ Maintenance Actions Disseminated via COSAL

### ▮ COSAL Decision Process (CDP)

✂ Produce Less COSALs

◆ Based on “Need”/Funding Approval - CSM/ACP

### ▮ Targeted Allowance Technique (TAT)

✂ Discretely Apply Optimized Allowances to Ship’s SRF (Adds)

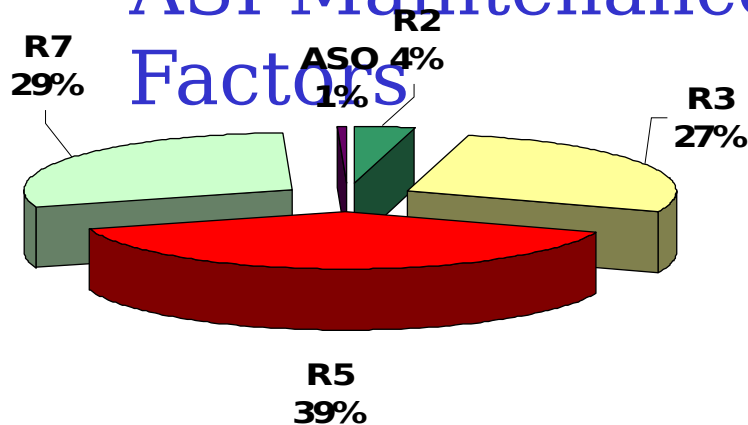
✂ Purge Allowances with No Usage or Application

Where Next...Attack Remaining Random Churn



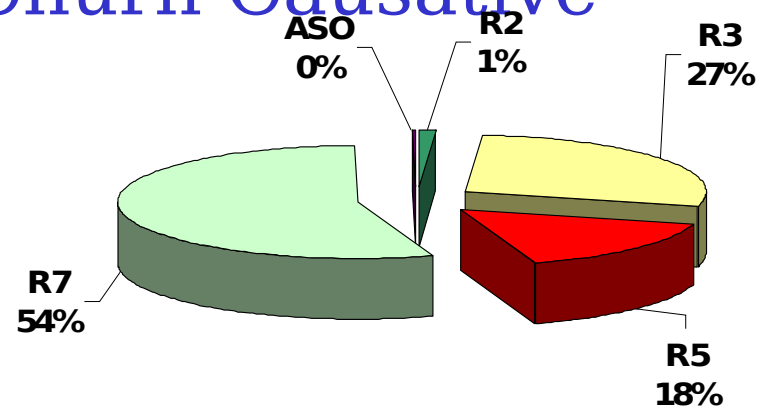
# Reducing Allowance Churn Caused by Maintenance Churn Actions

ASI Maintenance Churn Causative Factors



**FY98  
DRIVERS**

**(Based on dollar value)**



**FY99 (YTD)  
DRIVERS**

R2 - RIC Supersession

R3 - New/Revised APL

R5 - Logistics Support Request

R7 - Pen & Ink

Changes



# Reducing Allowance

## Churn

### ■ Maintenance Driven Allowance Churn

✓ Results of Research

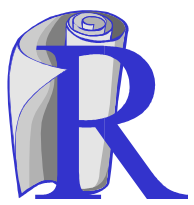
## Actions

■ Measured Observed Demand of (NIIN Specific) Adds on 15-Ship Sample, Determined Allowance Effectiveness

AVERAGE DELTAS RESULTING FROM ADDS

	Allow Effectiveness	FY98\$(M)
Original Effectiveness	72.4%	
Minus RIC Supersession Adds	72.4%	.4
Minus New/Revised RIC Adds	72.4%	3.5
Minus LSRI Adds	72.3%	5.1
Minus Pen & Ink Adds	72.2%	3.8
Minus ALL Maintenance	72.2%	

MINIMAL RETURN ON INVESTMENT



# Reducing Allowance Churn

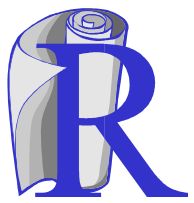
## □ Allowance Churn Reduction Initiative

✓ Continue Allowancing Modernization &  
Selected Maintenance Actions:

- RIC Supersessions from Unsupported to Supported
- New RICs (LSSC Changes to AA)
- Configuration Range Adds/Depth Increases
- Selected P&I/Rev APL Updates (PMS, Safety, “F” AORs)
- ACIP (3M “G/J” N/C Hits) (3 per year; UIC/NIIN/RIC)
- NSAF Changes (UIC/NIIN/RIC)

RIC Header (B Records) & Piece Parts (C  
Records)

Continue to Flow for All Captured Changes



# Reducing Allowance Churn

- Allowance Churn Reduction Initiative
- ✓ NAVSEA msg. 011128Z NOV 99 (Fleet Buy-In)
- Authorized Initiative Effective January 2000

- ✕ RIC Supersessions

- ◆ RIC Superseded from RIC "A" to RIC "B"

- ✕ Revised APLs

- ◆ Reprovisioning Actions (Not Approved Through Gatekeeper)

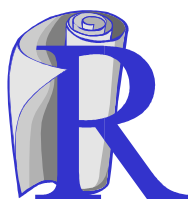
- ✕ Pen & Inks

- ◆ MRU, ANC, NIIN, AFC, BRF, SM&R (Not Approved Through Gatekeeper)

- ✕ Logistics Support Requests

- ◆ Submitted by the Ship (via the CDM) or the CDM





# Reducing Allowance Churn Caused by Maintenance Actions

Summary

✓ Allowance Churn Reduction Initiative  
in Affect since January 2000

□ Actual results confirm prototype analysis

✂ Effectiveness Decline .1%

✂ Cost Savings >\$11M